

FOREX TRADING BASICS

A Beginner's Roadmap

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1.INTRODUCTION

My name is Raymond Paul, founder of **RAYLURKS FX STRATEGY**. Forex trading is very broad and requires time and dedication, but in this simplified book, you will learn the essential basics needed to begin your trading journey. We will focus on the key areas you need as a beginner.

1.1 What is Forex Trading?

Forex (Foreign Exchange) trading is the act of buying and selling currencies to make a profit from changes in their exchange rates. It is the largest financial market in the world, with a daily trading volume exceeding \$6 trillion, runs 24 hours a day, 5 days a week and closes on weekends

1.2 Who Moves the Forex Market?

- Central Banks (Federal Reserve, ECB) – Influence rates.
- Banks & Hedge Funds – Trade large volumes.
- Retail Traders– Individuals like you and me.
- Economic News (GDP, Inflation, Employment Data).

1.3 Let's put this into practice with Examples:

- If you believe the Euro (EUR) will rise against the US Dollar (USD), you buy EUR/USD.
- If the exchange rate moves from 1.1000 to 1.1200, you make a profit.
- If it drops to 1.0800, you incur a loss.

Same applies;

- If you believe the Euro (EUR) will drop against the US dollar (USD), you sell EUR/USD.
- If the exchange rate moves from 1.1000 to 1.0750, you make profit
- if it rises above 1.1000, you incur a loss

1.4 How to Read a Forex Quote

- EUR/USD = 1.1000 means 1 Euro = 1.10 US Dollars
- The first currency (EUR) is the base currency
- The second currency (USD) is the quote currency

2. WHAT IS A LOT SIZE AND HOW DOES IT MAGNIFY YOUR PROFITS AND LOSSES IN FOREX TRADING?

In Forex trading, lot size is the standardized quantity of currency you buy or sell in a single trade. Think of it like “packaging” in a store you don’t buy sugar grain by grain, you buy it in standard packs 1kg ,5kg, etc.) In Forex, you don’t trade random amounts of currency, you trade them in lots.

STANDARD LOT SIZES

Lot type	Units of currency	Base typical name	Example (EUR/USD) value per pip
Standard Lot	100,000 units	“1.00” lot	≈ \$10 per pip
Mini Lot	10,000 units	“0.10” lot	≈ \$1 per pip
Micro Lot	1,000 units	“0.01” lot	≈ \$0.10 per pip
Nano Lot	100 units	“0.001” lot	≈ \$0.01 per pip

- Base currency = the first currency in the pair (e.g., in EUR/USD, EUR is the base).
- “Per pip” means the value you gain or lose when price moves by 0.0001 in most pairs.

How Lot Size Affects Risk

- **Bigger lot size** = bigger potential profit and bigger potential loss.
- **Smaller lot size** = smaller profit/loss per pip, but safer for beginners with small accounts.

Practical Example

Let’s say:

- Trading pair: EUR/USD
- Account currency: USD
- Lot size: 0.10 (mini lot = 10,000 EUR)
- Pip value: ≈ \$1 per pip
- Stop loss: 50 pips
- Take profit: 100 pips

Step-by-Step:

I. If trade goes your way (profit)

- Price moves +100 pips
- \$1 per pip $\times$ 100 pips = +\$100 profit

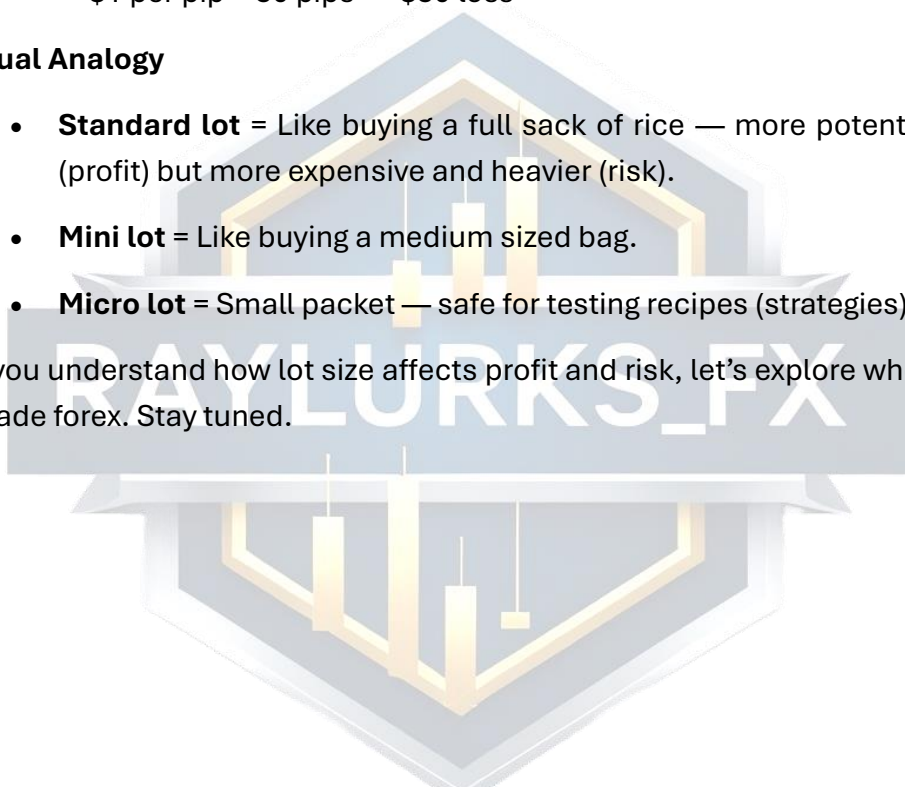
II. If trade goes against you (loss)

- Price moves -50 pips
- \$1 per pip $\times$ 50 pips = -\$50 loss

Quick Visual Analogy

- **Standard lot** = Like buying a full sack of rice — more potential servings (profit) but more expensive and heavier (risk).
- **Mini lot** = Like buying a medium sized bag.
- **Micro lot** = Small packet — safe for testing recipes (strategies).

Now that you understand how lot size affects profit and risk, let's explore where you can actually trade forex. Stay tuned.



3. WHERE TO TRADE FOREX?

Now you might be wondering where and how to trade forex. Well, you can trade through specific trading platforms

3.1 What is a Forex Trading Platform?

A forex trading platform is a software (desktop, web, or mobile app) that allows traders to:

- Access live price charts of currency pairs
- Place buy or sell orders
- Monitor open positions
- Use technical indicators and analysis tools
- Manage their trading accounts

3.2 Here are most common platforms used in forex trading

I. MetaTrader 4 (MT4)

- **Best for:** Beginners & experienced traders alike.
- **Key Features:**
 - User-friendly interface
 - Supports automated trading via Expert Advisors (EAs)
 - Large library of free and paid custom indicators
 - Works on Windows, Mac (with tweaks), Android, iOS

II. MetaTrader 5 (MT5)

- **Best for:** Traders who want more markets (Forex + Stocks + Futures).
- **Key Features:**
 - Supports more timeframes and order types than MT4
 - Faster backtesting for strategies
 - Integrated economic calendar
 - Improved charting tools

III. cTrader

- **Best for:** Traders who prefer direct market access (ECN brokers).
- **Key Features:**

- Modern, clean design
- Level II pricing (market depth view)
- Advanced order types
- cAlgo for automated trading

IV. TradingView

- **Type:** Web-based & mobile app
- **Best for:** Chart analysis, social trading ideas.
- **Key Features:**
 - Browser-based (no installation needed)
 - Advanced charting tools and custom scripting (Pine Script)
 - Large community for sharing trade setups
 - Can connect to some brokers for direct trading

V. Proprietary Broker Platforms

- Many brokers have their own software (e.g., IG's platform, OANDA's fxTrade, SaxoTraderGO).
- Often tailored for that broker's features but may lack universal familiarity like MT4/MT5.

Platform Comparison Table

Platform	Main Use	Automated Trading	Charting Tools	Device Support
MT4	Forex	Yes (EAs)	Good	Desktop, Mobile
MT5	Multi-asset	Yes (EAs)	Very Good	Desktop, Mobile
cTrader	Forex/CFDs	Yes (cAlgo)	Very Good	Desktop, Mobile
TradingView	Analysis/Some trading	Limited	Excellent	Web, Mobile
Broker Apps	Depends	Varies	Varies	Varies

4. HOW TO GET STARTED

To officially start trading, you will need an account (a demo account for practice before using a real account). You can get these accounts through brokers who link you up with the market.

Note; The brokers mentioned in this book are provided for educational examples only. This is not financial advice or a recommendation. Readers must conduct their own research and choose a regulated broker suitable for their region.

Here are a few brokers you can try; (*..just click the link*)

[icmarkets](#)

[fpmarkets](#)

[tickmill](#)

After creating an account, you will need to use your login credentials to access your platform

For user-friendly interface we will use MetaTrader 5 (mt5) mobile apps as our case study. I have prepared links where you can learn how to get familiar with the apps before you move into desktop advanced software.

Here are the links;

[click here-MetaTrader 5 Mobile App Tutorial: A Beginner's Guide for Android and iPhone](#)

[click here-how to use metatrader-5 mobile app](#)

5. IMPORTANT PART

By now you are halfway through your trading journey. But remember statistics show over 90% of retail traders lose money everyday...what does this mean? It means you will need a solid strategy to avoid being part of that group (*..you just can't go and start placing orders blindly*)

There is a lot to learn and develop a strategy, but for quick catchup you need to learn about candlestick pattern, this will help you understand where to place your entries, exit etc.

Click one of these sites for quick learning about patterns;

[thepatternsite](#)

[investopedia](#)



6.CONCLUSION

If you have already started practicing trading it's obvious you noticed the forex market is full of opportunities, but you haven't known it can also be full of traps for those without a clear plan. Many beginners jump from one method to another, hoping the next strategy will finally work, only to end up confused and frustrated. That's why having a structured, tested, and disciplined approach is what separates successful traders from the crowd.

You can spend years wandering through shortcuts and dead-ends, or you can commit to a proven path that has been mapped out for you (The **RAYLURKS FX STRATEGY**)

For a summary, **RAYLURKS FX STRATEGY** was built with beginners in mind, it simplifies decision-making, removes unnecessary noise, and focuses on the key elements that actually move the market. Instead of teaching you complex theories, it teaches you how to read the market with clarity, manage your risk wisely, and build confidence step by step.

If you are ready to trade smarter, not harder, I have prepared another book (***An Intermediate Guide to Developing Your Forex Trading System***) that will give you confidence to stop second-guessing and finally start trading with purpose. You can get a copy through the contact below.

So, as you close this book, I want you to remember: **success in forex isn't about luck, it's about having a system you trust and the discipline to follow it.** The choice is yours. Good luck!

FOR SUPPORT, PLEASE REACH OUT VIA;

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